

Service Date: March 13, 1984

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Application	)	
of MOUNTAIN STATES TELEPHONE AND	)	UTILITY DIVISION
TELEGRAPH COMPANY (MOUNTAIN BELL)	)	
For Authority to Introduce Selec-	)	DOCKET NO. 83.11.86
tive Ringing Module Service For	)	
Multi-Party Line Customers.	)	ORDER NO. 5041a

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ORDER ON MOUNTAIN BELL S  
MOTION FOR RECONSIDERATION AND  
AMENDED MOTION FOR RECONSIDERATION

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FINDINGS OF FACT

BACKGROUND

1. On November 23, 1983, Mountain States Telephone and Telegraph Company (Mountain Bell, Company) filed a request with the Montana Public Service Commission (Commission) for authority to introduce Selective Ringing Module (SRM) service for multi-party line customers. Mountain Bell proposes to use SRM's to

accommodate deregulated Customer Premise Equipment (CPE, telephones) on multi-party lines after January 1, 1984. The SRM would be required for three circumstances: (1) when an existing multi-party line customer's phone is inoperative and Mountain Bell makes a repair visit; (2) when new multi-party installations are required, and (3) when a multi-party line customer who does not have an SRM buys a new telephone.

2. Mountain Bell performed recurring and nonrecurring cost studies for providing SRM's. The nonrecurring costs equal \$43.40 per occurrence; the recurring costs equal \$9.19 per annum.

3. Mountain Bell's proposed rate design to recover the above costs is a \$0.25 per month adder on each and every multi-party line customer's bill (whether they have an SRM or not).

4. A Notice of Opportunity for Public Hearing was issued on December 6, 1983. The notice was published in the Billings Gazette, Daily Chronicle, the Montana Standard, Great Falls Tribune, Ravalli Republic, Havre Daily News, Independent Record, Livingston Enterprise, Miles City Star, and the Missoulian. The notice stated that, if no hearing is requested by December 27, 1983, an appropriate order would be issued based upon the evidence submitted.

5. As of December 27, 1983, no request for hearing had been filed with the Commission. On December 28, 1983, the Commission issued a Default Order that modified the Company's proposed rate design.

6. In the Default Order, the Commission found that the Mountain Bell tariff filing unnecessarily restricted the options that should be available to new and existing multi line customers.

7. The Commission found that an initial recurring rate of \$0.45 per month (\$5.40 per year) , which equals the inside wiring maintenance charge was appropriate. This charge would apply only to customers who had an SRM installed.

8. In addition, the Commission found that multi-party line customers (new and existing) shall have the following options at the time the need for an SRM arises: (1) to incur the above recurring rate and a nonrecurring rate of \$43.40 as proposed by Mountain Bell; or (2) to have a competitor of Mountain Bell (retailer of new phones and/or repair service) rewire new and/or existing phones, as needed, to interface with the Mountain Bell network. If neither of these alternatives are attractive, a new or existing customer always has the option to upgrade his/her service to one—party service.

9. Given the above Finding, the Commission also found that there exists no need to place a recurring surcharge on the monthly bills of all customers. A customer that opts for multi-party line service shall bear the full cost of this decision.

10. Finally, the Commission found that Mountain Bell shall develop wiring specifications for interfacing various types of phones with the network. Such specifications must be provided to each existing multi-party line customer at the time of a repair visit and to new multi-party line customers when new service is requested. Such specifications should be written instructions as to how the customer's phone must be internally wired to insure ringing integrity and proper billing.

11. On January 6, 1984, the Commission received Mountain Bell's Motion for Reconsideration of the Commission's Default Order No. 5041.

12. On February 17, 1984, the Commission received Mountain Bell's Amended Motion for Reconsideration.

13. The following findings review the arguments presented by Mountain Bell in both notions and the Commission's decisions.

14. In general, Mountain Bell believes "that the requirements of Order No. 5041 are occasioned by an inadequate explanation of the need and purpose of the Selective Ringing Module (SRM) and its interaction with Customer Premise Equipment, both new and installed."

#### ONGOING MODIFICATIONS TO BALANCE THE MULTI-PARTY LINE SYSTEM

15. The second through seventh paragraphs of Mountain Bell's Motion for Reconsideration emphasize the need to modify multi-party line phones on an ongoing basis. Based on Commission staff communication with Mountain Bell, the Commission understands that the purpose of the ongoing maintenance is to balance the number of customers on the "tip" and "ring" side of a loop; that is, for example, if there are only four customers on an eight-party line, and all are on the tip side, the Company would shift two of the customers onto the ring side. Furthermore, as noted in Paragraph No. 5, prior to the Computer-II decision Mountain Bell visited the customer premise to alter CPE to "accommodate the appropriate isolated ringing function."

16. In its Amended Motion, Mountain Bell argues that it does not believe that discretionary set modification is a reasonable alternative for multi-party service for the following reasons:

- a. Assignment of the “tip” or “ring” side of the line is not available at the time of the initial customer contact.
- b. Designation of which side of the line is used to service the customer will in most instances simply serve to confuse the customer.
- c. If the customer fails to modify his set, utilization of that set on a multi-party line will severely impact the parties’ service--regardless of whether the other parties have installed SRM.
- d. No method exists for insuring that a set is modified before being connected to the access line and thus no method exists for insuring that other parties’ services are not adversely affected.

#### ALTERATION OF CPE

17. In Paragraph No. 8 of the Company’s motion, Mountain Bell states:

“Alteration of CPE is not a viable option because (1) such alteration must be repeated if the subscriber moves to new service or converts to single party service; (2) alteration will most certainly void the warranty on most CPE; and (3) the cost of alteration (if available) may well exceed the cost of the CPE itself.”

18. In its Amended Motion, Mountain Bell also argued that it “is informed, and does reasonably believe, that the vast majority of standard telephone sets manufactured and available today, including those manufactured by Western Electric and

distributed through ATTIS, utilize bridged ringing through printed circuits. Such circuits cannot be modified as can the “old” sets which utilized wired circuits. Additionally, many sets available today utilize a molded casing which cannot be opened without destroying the shell of the set.”

#### CPE ALTERATION AND MOUNTAIN BELL’S LIABILITY

19. In Paragraph No. 9 of the Company’s motion, Mountain Bell states that:

“...the Commission has required that Mountain Bell provide wiring instructions for the alteration of all sets available to the subscriber. Mountain Bell does not have access to that information from all of the various suppliers. Additionally, if Mountain Bell should err in its instructions, it would most certainly create a liability that the company can ill afford.”

#### AVAILABILITY OF ONE-PARTY SERVICE

20. In its Motion for Reconsideration, Mountain Bell points out that one-party service is not a viable option in parts of Montana.

#### PROPOSED RATE DESIGN

21. In its Amended Motion, Mountain Bell stated that the following rate design alternatives exist, and recommended that the Commission select Alternative “c”.

- a. The customer could purchase the selective ringing module for \$43.40 and pay a \$0.45 per month maintenance fee. The purchase price of the SRM may exceed the cost of CPE and will cause customer frustration and irritation.
- b. Mountain Bell could install SRM’s on all multi-party customers and the

cost could be included in the basic service rate for all multi-party customers. Mountain Bell has recalculated the revenue requirement for such an alternative to be \$27,000 per year on an intrastate basis. Such a revenue requirement spread over all multi—party customers would result in an increase of \$0.10 per month.

- c. Mountain Bell could install SRM's as described in Alternative "b" above, but treat the installation in the normal course of business, thus spreading the cost over all rate-payers. Under this alternative, Mountain Bell would withdraw this Application and the tariffs under it; and would include SRM's and the cost of installation in its next general rate case. The \$27,000 revenue requirement noted in Alternative "b" above, spread over all basic service, would result in an increase of approximately \$0.01 per month for all customers.

#### COMMISSION'S DECISION

22. The Commission finds merit in the Company's Motion for Reconsideration and Amended Motion for Reconsideration. The Commission finds particularly persuasive the argument in Finding of Fact No. 18, above. That is, it appears clear that technical obstacles essentially preclude customers from having a Mountain Bell competitor rewire new phones.

23. On reconsideration, the Commission also finds merit in Mountain Bell's proposed Alternative c in Finding of Fact No. 21, above. This option will moderate the impact on existing and new multi-party line customers. Additionally, SRM's, once

installed in residences, may allow future occupants the option of 1FR or multi party line service: SRM's may be used not only by current multi-party line customers, but also by customers currently subscribing to 1FR service.

24. Finally, the Commission finds that SRM's are properly net work service and should not be tarified, and that the cost of SRM's are correctly and properly an issue in the Company's next general rate case.

#### CONCLUSIONS OF LAW

1. Mountain Bell furnishes telephone service within the State of Montana and is a "public utility" under the regulatory jurisdiction of the Montana Public Service Commission. Section 69-3-101, MCA.

#### ORDER

1. IT IS HEREBY ORDERED that Mountain Bell Motion For Reconsideration and Amended Motion for Reconsideration be GRANTED.

2. Mountain Bell shall provide Selective Ringing Module service by means of Alternative "c" in Finding of Fact No. 21.

DONE IN OPEN SESSION at Helena, Montana, this 23rd day of February 1984, by a vote of 5 - 0.



BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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THOMAS J. SCHNEIDER, Chairman

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JOHN B. DRISCOLL, Commissioner

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HOWARD L. ELLIS, Commissioner

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CLYDE JARVIS, Commissioner

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DANNY OBERG, Commissioner

ATTEST:

Madeline L. Cottrill

Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.